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Weekly Summary

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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents.

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Argentina
LABOR'S DEMANDS UNDERMINED

Textile workers demonstrate outside the headquarters of the General Labor Confederation

Labor's announced pledge to respect the authority of President Peron constitutes a momentary but significant victory for the government in its continuing conflict with workers. For the moment at least, the leaders of the Peronist labor confederation are unwilling to risk calling the workers into the streets again for the final showdown, as they had threatened.

The President's unexpectedly strong stand has caught the labor leaders off guard. They had apparently assumed that the government would yield easily, but the administration's persuasive economic rationale for overturning massive pay hikes negotiated last week has considerably lessened their ability to act. The longer the union chiefs hesitate, the more untenable their position is likely to become.

At the direction of chief presidential adviser Lopez Rega, the government sought first to undermine the authority of the labor leaders and now seeks to divide the whole labor movement. The administration came out against the wage hikes only after many, but not all, of the important unions had negotiated new wage contracts. The government thus set union against union and demonstrated once again to the workers their leaders' inability to deliver.

Against this setting, the Peron administration has come forth with a proposal to increase wages by 80 percent, in installments. This will probably appeal to those workers whose new contracts were still being negotiated, but will not assuage those who had obtained increases of 100 percent or more. The President has also announced a doubling of certain benefits that apply primarily to workers at the lowest end of the wage scale.

Both the President and Economy Minister Rodrigo, a protege of Lopez Rega, have made tough, well-thought-out speeches cataloguing the nation's many economic ills, pointing out that austerity is in order and that the present administration—the constitutional heir to the magical Peron legacy—is uniquely qualified to deliver it. The stress on legitimacy is designed to discourage military intervention; indeed, most

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officers are known to favor the maintenance of constitutional rule if at all possible.

In a related move, Lopez Rega has taken another step toward building greater control over the nation's security apparatus. Last week, the government created a new post within the Interior Ministry—that of under secretary for domestic security—and filled it with a former federal police official. The new official will coordinate all government antisubversive efforts. The appointment came before the current crisis and could have been designed to give the government an alternative means of dealing with potential labor violence, given the military's unwillingness to intervene against workers and on the side of Lopez Rega.

If the government wins its contest with labor, the main victor will be Lopez Rega; his mastery of the political situation will then be virtually complete. A fragmented, unrestrained labor movement, however, could prove more dangerous in the long run than the somewhat recalcitrant but still relatively disciplined force that now exists.

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